

Memorandum

City of Tempe



To: Mayor & Council

From: Jan Schaefer, Economic Development Director (Ext. 8036)

Through: Patrick Flynn, Chief Financial Officer

Re: Rio Salado Capital Campaign

Date: January 18, 2001

At the December 14, 2000 joint meeting of the City Council and the Rio Salado Citizen Advisory Commission, a summary of the Rio Salado Capital Campaign Feasibility Study was presented by a representative of The Dini Partners.

In a discussion following the presentation, a number of questions were raised by the Council and Commission concerning policy issues surrounding the initiation of a proposed Rio Salado Capital Campaign including, for example:

- . How would funds potentially raised by naming rights at the Performing Arts Center be allocated?
- . How much direction on Rio Salado masterplanning issues should the Council and residents accept from potential donors to the Rio Salado Capital Campaign?
- . How should the issue of competing for funds with other non-profit organizations be resolved should the Council proceed with the Rio Salado Capital Campaign?

At the time of this meeting, it was determined that a Council subcommittee process may be required to address these issues as well as other potential policy issues surrounding the initiation of a Rio Salado Capital Campaign.

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At the same meeting and at the direction of Council, both city staff and Dini Partners were asked to return to Council in January with further information on fiscal issues and an implementation plan. Dini Partners has prepared the attached information for your review:

- . A description of the roles and responsibilities of the groups involved in a Rio Salado capital campaign including fund-raising counsel, The Dini Partners; foundation staff (an Executive Director and campaign assistant); City of Tempe staff; and an Oversight Committee.

- . A campaign timeline

- . A campaign budget

- . An Executive Director job description

Regarding fiscal issues, staff has determined that the immediate potential funding source for a Rio Salado Capital Campaign are city contingency funds. However, there are three potential sources of reimbursement to the city's contingency fund for the capital campaign costs at some later date:

1. One source of reimbursement is the Performing Arts Center tax. The City Attorney's office has issued an opinion that, in essence, indicates that a proportionate share of the overhead and expense of the fundraising effort directly related to the funds raised specifically for the Performing Arts Center may be used in this manner; however, what that proportionate share is will be unknown until the end of the campaign. Therefore, the tax could not be used immediately, but the tax could be a source of partial reimbursement at the end of the campaign.
2. The construction of the Performing Arts Center is within the Commercial Enhancement Reuse District and thus eligible for the 5% state sales tax exemption. At a cost of \$35 million dollars, this exemption would save approximately \$1.1 million dollars and, again, these funds could be used to reimburse the city's contingency fund at some future date.

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3. Later on as contributions to the capital campaign are made, a portion of these contributions could be used to reimburse the “seed money” from the city’s contingency fund used to initiate the campaign.

Staff would appreciate Council direction on the forum to be used to fully discuss policy issues surrounding the initiation of a Rio Salado Capital Campaign – does Council wish to refer this issue to a subcommittee of the Rio Salado Committee of the Whole, meet again as the Rio Salado Committee of the Whole, or discuss it at a future Work/Study session with staff?

Attachments: Exhibit A – Roles and Responsibilities
 Exhibit B – Campaign Timeline
 Exhibit C – Campaign Budget
 Exhibit D – Executive Director Job Description
 Exhibit E – City Attorney’s Opinion
 Exhibit F – Minutes, December 14, 2000 Joint Meeting

Roles and Responsibilities

Fund-Raising Counsel: The Dini Partners

As fund-raising counsel, The Dini Partners will guide the campaign process, recommend appropriate timelines and fund-raising structure, and provide ongoing oversight of all campaign planning and execution. This approach will ensure that volunteers and Foundation staff stay on task and in sequence. Counsel will also provide sample campaign policies and procedures (gift acceptance, donor recognition, naming opportunities, etc.), as well as guidance in solving problems and resolving issues as they may arise.

Foundation Staff: Executive Director and Campaign Assistant

As paid staff of the campaign, the Executive Director and Campaign Assistant will maintain all campaign/fund-raising records, produce status reports, schedule cultivation and Campaign Steering Committee meetings, develop campaign collateral materials, coordinate donor recognition, and other support work as needed at the direction of the Foundation Board and Campaign Steering Committee.

City of Tempe Staff:

Except for the occasional project, such as initiating the process of securing the new 501(c)(3) designation for the Foundation, the City staff will normally act as a resource making available policies, information, or other existing materials. City staff will also be asked to participate in Campaign Steering Committee meetings to provide background and progress reports, as well as guide the Campaign Steering Committee and Foundation Board relative to any pertinent restrictions or guidelines that may exist within the city structure.

Oversight Committee: Possibly composed of one individual from each of the following groups: City Council, Rio Salado Commission, City staff, community-at-large

Initially, this group will be asked to provide oversight and act as representatives to their respective constituencies as the planning and initiation of the campaign unfolds. Ultimately, this committee may be replaced by the Foundation Board and the Campaign Steering Committee (or possibly folded into the Campaign Steering Committee). Like City of Tempe staff, this committee will not be directly involved with work on the project, but will serve as an informational resource giving advice and advice and overseeing campaign progress.

Campaign Timeline

(first 6 months of 3 year campaign)

January, 2001**NEXT STEPS**

- » Establish a 501(c)(3) foundation (*contact law firm*)
- » Begin search for Executive Director for foundation (*in place by March 1*)
- » Recruit initial Board members for foundation (*at least two*)
- » Write mission statement for foundation (*articles of incorporation*)
- » Write bylaws for foundation

February, 2001**DINI CONTRACT BEGINS**

- » Finalize search and hire Executive Director
- » Begin recruitment of foundation board members (*prominent citizens, corporate and community leaders and lead gift prospects – may also serve on campaign steering committee*)
- » Develop list of project naming opportunities and giving levels
- » Begin to identify lead gift prospects

March, 2000

- » Continue recruitment of foundation board members
- » Develop a standard style and design for public gift recognition
- » Continue to identify lead gift prospects
- » Begin cultivation and solicitation of foundation board gift prospects (especially corporations)

April, 2001

- » Continue recruitment of foundation board members
- » Identify and recruit campaign steering committee
- » Continue to identify lead gift prospects
- » Continue cultivation and solicitation of foundation board gift prospects

May, 2001

- » Finalize recruitment of foundation board members
- » Finalize recruitment of campaign steering committee
- » Refine and adopt campaign plan
- » Identify and retain Master Plan Consulting Firm
- » Continue cultivation and solicitation of foundation board gift prospects
- » Begin to research lead gift prospects

June, 2001

- » Begin campaign steering committee meetings
- » Conduct training on cultivation and solicitation techniques
- » Begin to review and modify the master development plan
- » Identify and retain marketing/communications firm to develop and implement campaign communications plan
- » Begin to collect content for campaign collateral materials (photos, other visuals, text)
- » Continue cultivation and solicitation of foundation board gift prospects
- » Continue to research lead gift prospects
- » Begin to identify major gift prospects
- » Develop cultivation strategies for lead and major gift prospects

July, 2001

- » Continue campaign steering committee meetings
- » Continue to review, modify and endorse master plan
- » Begin to develop campaign marketing/communications plan
- » Continue to collect content for campaign collateral materials
- » Finalize solicitation of foundation board gift prospects
- » Finalize research of lead gift prospects
- » Continue to identify major gift prospects
- » Prepare to begin cultivation of lead and major gift prospects in August (include cultivation events at the lake)

Campaign Budget
(first 11 months of 3 year campaign)

February – December, 2001 (11 months)

I.	Professional Services	\$195,000
	» Campaign Fund-Raising Counsel	
	– February – May, 2001 (4 months)	
	\$10,000/month	\$40,000
	– June – December, 2001 (7 months)	
	\$8,000/month	\$56,000
	» Marketing/Communications Consulting Firm	
	– June – December, 2001 (7 months)	
	\$7,000/month	\$49,000
	» Master Plan Consulting Firm (one-time fee)	\$50,000
II.	Campaign Staff	\$104,125
	» Executive Director for Foundation (3/4 time)	\$58,300
	– Annual Salary \$70,000/yr. – Prorated 10 months (March – December)	
	» Campaign Assistant – Salary (full-time)	\$25,000
	– Annual Salary \$30,000/yr. – Prorated 10 months (March – December)	
	» Benefits (total for both positions)	\$20,825
	– Annual Benefits @ 25% of salary – Prorated 10 months (March – December)	
III.	Campaign Materials	\$55,000
	» Printed case statement	\$25,000
	» Video	\$30,000
IV.	Donor Cultivation and Recognition	\$30,000
V.	Contingency Fund	\$15,000
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	2001 Total (11 months)	\$399,125

Executive Director Job Description

The Executive Director for the Tempe Town Lake Foundation, (TTLF), is the administrative officer responsible for the planning, implementation, management, and oversight of all fund raising and community relations for the Tempe Town Lake Project. The position will require a minimum ¾ time commitment. While reporting to the TTLF Board, the Executive Director will work collaboratively with the Mayor and City Council of Tempe, City of Tempe staff, the Campaign Steering Committee, fund-raising counsel, and other local volunteers.

Position Summary:

The Executive Director:

- Plans, implements and manages the capital and endowment campaign designed to meet the goals of the Tempe Town Lake Project as defined by the City of Tempe and the TTLF Board. Campaign activities will include active donor prospecting, gift cultivation and solicitation, writing corporate and foundation grants, and coordinating special events.
- Works with the TTLF Board, the Campaign Steering Committee, and fund-raising counsel to plan, execute, and facilitate fund-raising strategies.
- Serves as staff liaison to the Campaign Steering Committee to coordinate fund-raising meetings, prospect identification and research, prospect cultivation and solicitation, and donor stewardship activities.
- Serves as a resource to the TTLF Board on all matters related to fund raising and public relations, making periodic reports to the TTLF Board of the progress of development efforts.
- Manages the stewardship, gift accounting, and reporting functions insuring that all donors receive personal acknowledgment of gifts and periodic information regarding the progress of the campaign.
- Develops and maintains a current database of all donors and prospective donors.
- Coordinates with the City of Tempe and marketing/communications counsel in directing the community awareness and media programs to raise awareness of the Tempe Town Lake Project in support of its fund-raising activities.

Eventually, this position will have expanded management responsibilities, but initially the sole purpose will be fund raising for the Tempe Town Lake Project.

Key Selection Criteria:

- The ability to work with and motivate a broad spectrum of people including members of the TTLF Board, major donors, volunteers, community leaders, and city staff.
- A working knowledge of the psychology, principles and techniques of volunteer recruitment and management, major gift solicitation and non-profit management.

- A proficiency in grant writing and an understanding of the process of foundation, corporation, and individual prospect research, cultivation, and solicitation.
- Familiarity with computers and fund-raising software. Additionally, a knowledge of word processing, spreadsheet and presentation software.

Ideal Personal Profile:

- ☐ Two to four years in professional fund raising
- ☐ Gift cultivation and solicitation experience
- ☐ Excellent verbal, visual and written communications skills
- ☐ Dynamic personal presence and interpersonal skills
- ☐ Well-organized, systematic thinker
- ☐ Disciplined self-starter
- ☐ B.A., B.S. or equivalent degree preferred
- ☐ Commitment to the vision of the Tempe Town Lake Project
- ☐ Knowledge of and interest in the Valley region



Memorandum

City Attorney

DATE: January 3, 2001

TO: C. Brad Woodford, City Attorney

FROM: Janis L. Bladine, Assistant City Attorney

SUBJECT: Use of Performing Arts Center Tax Revenues

Our office has been asked about whether revenues from the Performing Arts Center ("Center") tax may appropriately be used for fundraising efforts. Further discussion with staff indicates that they are examining the use of the funds to hire a firm to engage in fundraising for a Rio Salado Capital Campaign. This campaign would solicit funds for a variety of purposes which may possibly include landscaping, hardscaping, a lighthouse, a pedestrian overpass, a marina, and others. In other words, it does not appear that the funds would be dedicated to the Performing Arts Center. In short, the Performing Arts Center tax revenues must be spent for Performing Arts Center purposes as enumerated in ballot Proposition 400. This may or may not include fundraising for the Center's land acquisition, design, construction, operations, and maintenance costs.

The Performing Arts Center tax was passed by the voters in the last general election. Included in both the publicity pamphlet and the ballot language itself, was an explicit limitation on the use of the increased tax. Proposition 400 stated that the one tenth of one percent increase would be used for "land acquisition, design, construction, operations and maintenance costs for a performing and visual arts center ..." Taxes levied for a specific purpose cannot be used for other purposes. *McQuillin*, § 44.186. Additionally, taxpayers have a right to legally challenge the illegal expenditure of municipal funds. *Ethington v. Wright*, 66 Ariz. 382, 189 P.2d 209 (1948). Thus, any use of the Performing Arts Center tax revenues must be restricted to land acquisition, design, construction, operations and maintenance costs for a performing and visual arts center.

Fundraising activities are not specifically mentioned within the permissible uses of the tax. Thus, one could argue that fundraising for the Center is not a permissible use of the tax revenues. However, there is support for the position that the terms "maintenance" and "operation" are to be broadly construed. In *John E. Shaffer Enterprises v. City of Yuma*, 183 Ariz. 428, 904 P.2d 1252 (App. 1995), the Arizona Court of Appeals concluded that the terms "maintenance" and "promotion" in a charter amendment authorizing a special sales tax included operating and overhead expenses such as the costs for payroll clerks to process the paychecks of promotion and maintenance workers.

Additionally, other courts have concluded that the term “operation” is to be broadly construed.¹ One could argue that fundraising *for the Center for the purposes specified in the tax ballot measure* is a permissible use of the tax.

It should be understood, however, that the tax revenues should be used to benefit the Center. If the fundraising entity is soliciting funds for both the Center and for other non-Center purposes, then the City should ensure that the fundraising charges to the Center are related to raising funds for the Center. In other words, the Center should receive a benefit in an amount that exceeds the amount of the tax revenue spent for fundraising activity.

Additionally, there may be a number of practical and political concerns that the City may wish to consider in making the decision of whether to use the tax revenues in this manner. This opinion is limited to the legal considerations of whether the Performing Arts Center tax can be used for fundraising purposes for the Center.

Cc: Marlene Pontrelli

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¹ See Prince George’s County v. Aluisi, 731 A.2d 888 (Md. 1999), Shado Isle, Inc. v. Granada Feeding Co., 411 N.W.2d 331 (Neb. 1987), State Ex Rel. King County v. Murrow, 93 P.2d 304 (Wash. 1939), State v. Murrow, 93 P.2d 304 (Wn. 1939).



Minutes

December 14, 2000

**Joint Meeting of the City Council and
The Rio Salado Citizen Advisory Commission**

Minutes of the Joint Meeting of the Tempe City Council and the Rio Salado Citizen Advisory Commission held on December 14, 2000; at 3:00 p.m., Tempe Mission Palms, Palm "D" Room, Tempe, AZ.

Council Committee Present:

Mayor Neil G. Giuliano, Chair
Vice-Mayor Leonard Copple
Councilmember P. Ben Arredondo
Councilmember Dennis J. Cahill
Councilmember Barbara J. Carter
Councilmember Hugh Hallman
Councilmember Mark W. Mitchell

Rio Salado Advisory Commissioners Present:

Elias Esquer
Dave Hanna
Ron Hernandez
Ted Jarvi
Shirlee King
Jim Lemmon
Nancy Plencner
Linda Spears

Administrative Staff Present:

City Manager John Greco
Econ Dev Div Director Jan Schaefer
Interim Rio Salado Proj Mgr Chris Messer
Chief Fin Officer Patrick Flynn
Redevelopment Dir Steve Nielsen
Com Svcs Dir Will Manley
City Clerk Kathy Matz
Pub Info Ofcr Mary Fowler
Cultural Svcs Mgr Jodi Ulich
Management Asst Diana Kaminski

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Management Asst Edith Ross
Council Aide Theresa Pulido
Council Aide Sheri Nunemacher
Mgmt Supp Dir Enrique Lopezlira
Comm Mgr Joseph Ortiz
Acting City Engr Andy Goh

Mayor Giuliano opened the meeting at 3:00 p.m.

Rio Salado Capital Campaign Update

DISCUSSION

Jan Schaefer, Economic Development Division Manager, introduced David Northington, of the Dini Partners, who presented a summary of the completed Rio Salado Capital Campaign Feasibility Study.

Mr. Northington presented the findings of the process, which was to gather input from the leadership of the community, including those who are capable of giving major gifts or who have some insights into potential sources for support.

Mr. Northington presented the Study Process and Methodology. This process began with the initial information briefing to Council and staff. This was followed by the meeting of the Study Committee (including Council, volunteers and staff). The interview requests were then mailed and interviews were scheduled. Dini Partners conducted the first half of the interviews, followed by a meeting of the Study Committee, and then the interviews were completed. He also presented a list of the study participants.

The study showed that a \$100 million dollar campaign, as originally proposed, is not feasible. But it can still be a multi-million dollar campaign, perhaps \$30-40 million dollars. Mr. Northington said a successful campaign depended on the following:

- Establishment of separate 501(c)(3) foundation to plan and implement the campaign.
- Leadership of the campaign needs to be from community to provide guidance of the campaign and the project Master Plan.
- The Town Lake needs to be perceived as a Valley-wide project. It is clearly perceived as a Tempe project, but there's not enough money in Tempe to do the work.
- There needs to be a very strong marketing/communications plan to raise community awareness.
- Strategies for early cultivation and solicitation of lead and major gift prospects need to be developed.
- Strategies for subsequent cultivation and solicitation of mid- and lower-level gift prospects (grass-roots initiative) need to be developed.

Mr. Northington said that the study revealed the following strengths:

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- Tempe is seen as a progressive leader in the Valley. The City of Tempe gets things done and there's a lot of pride in the community.
- The current progress of the project is viewed very positively. Constituents are pleased by the progress to date and hopeful for continued success.
- There is a vision that this project can put Tempe and Arizona on the map. It is something that the entire region and nation will use as a tourist destination.
- Because of that vision, there is promising potential for corporate support, but it is contingent upon better communication of a cohesive master plan and more outside influence in developing a master plan. If money is put in early, contributors want to see the plan they have approved and are paying for as the end result. There was the feeling that there needs to be reprioritization of project improvements. The private foundation needs to be established with key members of the community serving on the Board to oversee the master plan, funding and implementation.

Mr. Northington also identified the following challenges:

- Funding priorities need to be re-evaluated. Some of the proposed project improvements for the capital campaign, like landscaping, seem better suited for public funding.
- It is seen as a Tempe project. It needs to be led by Tempe, but it needs to be a Valley-wide project. Small things like charging different rates for Tempe residents vs. non-residents to use the lake perpetuate this feeling.
- The profile of the project is low. Very few interviewees had actually been to the lake site, except to drive by. It's difficult to see the vision on paper.

Mr. Northington said, if Council chooses to proceed with the next phase of the capital campaign, the following steps are the top priorities for beginning:

- Take steps to create the 501(c)(3) foundation and begin Board cultivation and recruitment (affluence/influence).
- Begin the search for the foundation Executive Director and Campaign Assistant.
- Develop a list of project naming opportunities (including those in the Performing Arts Center), giving levels and initial campaign materials.
- Establish lead gift prospect list along with cultivation and solicitation strategies.
- Begin lead gift "quiet" campaign phase and include the Performing Arts Center as a prominent component.

Mr. Northington distributed an article from the *New York Times* which listed examples of similar successful public/private projects throughout the country. He also provided "scale of gifts" summaries for both a \$100M campaign and a \$30M campaign.

Mayor Giuliano stated that the Performing Arts Center funding has changed the project. Architects are being selected for that component and it will be the first piece of this project. He asked Mr. Northington how we could focus on the Arts Center first.

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Mr. Northington responded that as long as everything involved with the Arts Center is incorporated into the remainder of the big picture, it will provide something that's real. He stated that, in general, the best gifts are the ones that are unrestricted. The others will be restricted for specific projects and the donors need to be assured that their money won't be spent until that project is begun. Mayor Giuliano asked if it would be possible to look at the capital campaigns of other Performing Arts Centers around the country. He wants to remain true to what was started because he thinks there are people out there who understand the big picture.

Councilmember Carter stated that she has visited several Arts Centers around the country, the latest one in Newark, New Jersey. It has its own 501(c)(3). They have endowed it and all the money is funneled into that separate fund. She asked if we have should separate non-profits for the various projects here? If we're going to get \$10M from someone to name the whole center, that should go into that center, not into building a park.

Councilmember Hallman responded that it was possible to think of it in another way. There is a tax fund coming in to take care of the entire cost of the Center, and those funds will be spread out to the open space and park. It doesn't preclude selling of the name that goes on the Arts Center, but that money can't go towards the Arts Center or otherwise we'll end up with all of the money focused on the Arts Center and none of it for the things that need to be built out. The only point of using this capital campaign is to get the money that will build out things we don't have the money for.

Pat Flynn, Chief Financial Officer, responded that in terms of capital cost, we have a capacity of approximately \$65M. There are many elements to that. Operational costs were factored in to the year 2020, plus endowing it for another \$20M.

Councilmember Hallman added that we have the tax flow that would cover the operations and the Center itself. We've got to use this Center as the item that gets sold to buy the things that nobody wants to put their name on. The name will still go on the Arts Center, but the cash has to be used for the other things. There are other things already happening that we can use as kick-off projects such as the \$500,000 Water Play Park in Tempe Beach. That's a big number and it will be a unique work in Tempe Beach Park. It's already under construction, but there's no reason someone's name can't be put on it after it's built.

Stacy Pawlowski, Dini Partners, added that there is a difference in this project vs. other performing arts centers around the country. This is Tempe Town Lake with an Arts Center, as opposed to simply a performing arts center. This is a major master plan with different components, one of them being the performing arts center.

Mayor Giuliano stated that he agreed with what Councilmember Hallman said. The money will be spread out to finance this entire project. We need a smaller group, such as a Council Committee, to work out all of these kinds of things.

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Mr. Northington added that there are a dozen things on the list of improvements and projects within the overall Rio Salado and Tempe Town Lake project that could have their own 501(c)(3)'s, but every time that happens, a lot of walls are built that eventually will prevent any of those from being totally successful because there is no latitude on how timelines are applied. One example is a performing arts center in Austin, Texas. They are renovating an old building. It's not just a performing arts center, but it is going to have a radio station plus a lot of other spaces for other non-profit agencies, but is under one umbrella 501(c)(3). The city owns the land and the building, and they want one governing body to deal with this, otherwise they can't really approve what's going to be happening on their land.

Councilmember Carter stated that after visiting many theaters, ours is fairly modest and fairly small. It was their hope that through funding mechanisms and donations they might be able to enhance the theater, make it larger and make it an educational wing.

Mayor Giuliano noted that he thought there was already enough money coming in from the tax to make the Center more than just a modest facility.

Will Manley, Community Services Manager, stated that one thing they thought might produce a substantial financial stream was "donor rooms." If donors had a special place or special room to congregate, they might be more willing to donate, as well as produce ongoing donations.

Mr. Northington stated that he didn't think that any of this was outside the big plan. Is the \$30M or \$65M tax dollars out there for the Performing Arts Center going to be enough to do what you really want to do as part of the overall project? If it's not, then you need to look at what you really want to do and wrap that into the master plan and look at everything else in accordance with that to set your goals accordingly. You may have to phase the master plan in two or three steps, but the first step should include whatever it is you think you need for the Performing Arts Center to be an anchor. If it becomes something less than that, donors might not want to put their money into it. The Performing Arts Center is a key element to the success of the campaign and you need to review what it needs to be a part of this 5-star project.

Mr. Manley noted that one thing that has changed significantly is the designation of Rio Beach as an arts park. That's going to take about \$5M to \$7M.

Councilmember Hallman stated that if all of the things that we've talked about adding into the Arts Center budget, such as the arts park, the undergrounding, trash, parking lot, etc., add up to \$60M, we need to see what features should be added to the Arts Center itself. The naming opportunities are another source of revenue. The point is, we're still just moving money around. If the total product of what you want to build is \$70M, you are only \$10M short. You may have \$20M in naming rights sitting there. If you capture it all into the Arts Center one way or another, you have \$10M extra that isn't getting to the overall Rio Salado project, which is what the intention was.

Commissioner Linda Spears stated that there seems to be some huge issues that have nothing to do

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with the naming of the Arts Center or anything else. There are challenges that are proposed in terms of a lack of a master plan, and who are you going to accept direction from. Are you going to continue to favor Tempe citizens over non-residents? How much control are you going to give up, how much control are you going to take away from the citizens? These are huge policy decisions that have to be made by the City Council before we can even consider moving forward. She doesn't think it is appropriate for the Rio Salado Advisory Commission to be involved in that discussion. Council needs to do that.

Mr. Northington stated that this is a capital campaign for a City project, and the board would realize that. He stated that you don't give ultimate authority to a foundation board, but there has to be some give- and-take.

Mayor Giuliano stated that the ASU Foundation and ASU are an example of this. They are separate entities. The ASU Foundation is a group of community leaders that goes out and runs the capital campaign. It is the ASU Administration that decides the priorities and where they're going to spend the money. It's a relationship that is built over time.

Councilmember Mitchell stated that he thinks this is an interesting idea. There are so many 501(c)(3) foundations out there today. There's also Tempe Community Foundation. He asked what the status of that was and how is this going to be different? If the Tempe Community Foundation wasn't successful, how is this going to be different?

Mayor Giuliano responded that the Tempe Community Foundation is still active, it has a small amount of money that is not currently being used.

Councilmember Mitchell asked if it is normal for a 501(c)(3) to get started with seed money and if so, is it normal to repay whoever gave the seed money?

Mr. Northington responded that if it takes some money to get a staff person hired to get the 501(c)(3) submitted, some of the early gifts go to support or set up the foundation. For something of this size, pledges are typically over three to five years, so people pay the pledge out over a period of time.

Councilmember Mitchell asked if there are other foundations in Tempe and whether we would be in direct competition against them?

Mayor Giuliano responded that in a sense, yes, but there's a different mission. We have to find people who share our mission and share our vision in addition to the foundations they may already be committed to.

Commissioner Nancy Plencner stated that she agreed with Mayor Giuliano and that what we're talking about here is not any different than what exists at ASU.

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Mayor Giuliano summarized that the recommendation is to have staff return to this group with a recommendation for how we would actually fund the start-up of a capital campaign. Staff has not yet had the opportunity to meet with Dini Partners to come up with such a plan.

Commissioner King stated that there is a Council adopted Master Plan that has been worked on over the years. It is based on use tied into current zoning. She asked if this capital campaign master plan would supercede that one or whether it is a different type.

Mr. Northington responded that it might supercede it in terms of chronology, but he didn't think it would change much content-wise. Contributors want to see a master plan with some stability, so that three years from now everything won't change because of a possible political turnover.

Commissioner Spears stated that coming up with a plan that is going to live over time is not practical because there are changes every day. The Arts Center is a perfect example. That is an evolving development that will change depending upon what happens. Are you going to commit through this process to develop something that is a lot more detailed than what we currently have? Are some of these things, in fact, public improvements that the City should be paying for? Just because the City doesn't want to tax its citizens to pay for them, are you going to go out and ask somebody else to pay for them? That's very difficult. With all due respect to the people who participated in the research, having lived through the years of the Tempe Community Foundation, these people were major players then and did not contribute to the foundation at that time. Everyone wants to do it, but they want someone else to pay for it. It's unrealistic to think you're going to have people standing in line to give you a check. What are you willing to give up to get this? This isn't going to come free. Are you willing to give up some of the control.

Mayor Giuliano responded, yes, if it is structured that way. The other way would be to say that this is what we have and this is what we're offering, but this is Rio Salado and we'd like them to be a part of it. Part of the process in talking to these people is whether they see their organization as likely to participate in this at some level or capacity?

Mayor Giuliano summarized the next steps of the process: 1) dealing with how we have to tie-in the timing of the master plan; 2) how we focus on the Arts Center as the first component, and 3) that all of these processes and review issues need to be talked through. Staff needs to come back and recommend how we would propose funding over the next 9-12 months.

Commissioner Plencner stated that she would like to suggest that since the Rio Salado Commission is going through a process of determining what it is and what their rightful role should be, there should be one or two representatives from the Commission on whatever small planning group is formed.

Vice-Mayor Copple stated that he thinks the whole project should be put on hold for 4 to 6 months until we can get through the major projects such as AquArena, stadium, and Fiesta Bowl. Staff needs a break

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Councilmember Hallman added that getting the Arts Center under our belts would help. It will also help nail down some of these moving pieces that make it very difficult to determine what the master plan should look like. The master planning process will go on over the next six months and we ought to be looking at the master planning process as the initial step in the fund raising effort.

Vice-Mayor Copple added that if we hold off a little bit before we push ahead, the Council would have time to talk and make the decisions on what we want to do and how far we are willing to go to get there.

Mayor Giuliano responded that he didn't have a problem with saying we aren't going to give staff a lot to do over the next few months, but there are some components that staff wouldn't be doing anyway.

Mr. Manley clarified that the cost of the Arts Center building is still at \$30M. The other additions are another \$30M.

Mr. Northington stated that they are planning to come back in January with further recommendations. Regarding timing, it will take 3-5 months to accomplish the prep work and get the 501(c)(3) up and running, hire the Executive Director, and develop policy issues. In the meantime, he also suggested visiting with some of the people who were interviewed to see if they would be interested in providing leadership for the foundation board.

Ms. Pawlowski added that they will submit a budget to staff to show what the first 9-12 months would be, how much it would be to have an executive director open an office, phones, etc. They will also prepare a timeline month-to-month.

Mayor Giuliano stated that he agreed with Vice-Mayor Copple. A lot of the same staff that needs to spend time with Dini Partners are really taxed for the next few months on some of the other high profile projects. At the same time, Dini Partners can be doing a lot these things. He thinks we can move forward.

City Manager John Greco clarified that there will be minimal staff involvement and Dini Partners will carry the substantial part with the budget, etc. He would think that Council would want to have a Council Committee or small group to work with Dini Partners, because he thinks deciding who gets on a board early raises some very basic questions.

Mayor Giuliano stated that there should be a couple of Rio Salado Commissioners involved and he has made a note to follow up on that.

Councilmember Hallman added that in terms of the subcommittee, there is a cross-over on this issue between the Cultural and Community Programs and the Finance and Economic Development Committee,.

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Mayor Giuliano directed staff and Dini Partners to come back with a timeframe for the budget implementation. In the meantime, he will determine a subcommittee process.

U.S. Army Corps Project Review

DISCUSSION

Mayor Giuliano stated that the Army Corps needs to understand what we have to work with and what we are trying to accomplish. We need to ensure that what we're planning fits with their business. He asked if everyone was comfortable with staff's recommendations.

Commissioner Spears stated that Step 4 seems to be a drastic move and perhaps Council needs to weigh in on that. There are huge relationship issues involved and we can't blow off the Corps.

Mayor Giuliano asked what we are hearing from the Corps.

Chris Messer, Interim Rio Salado Project Manager, responded that staff will have a meeting with the Corps on Monday to discuss the issues.

Mayor Giuliano noted that Senator John McCain will be bringing eight members of the Senate Commerce Committee to the greater Phoenix area for some tours of various sites, including the Rio Salado Project, in mid-January. Although Senator McCain doesn't oversee the Corps of Engineers, the Commerce Committee is powerful. The Mayor added that the funding has come through, but the Corps wants to spend it on their parameters of what this should be and we have said that we have something else in mind. We have to sit down and talk about this.

There was a general discussion regarding the breakdown of the relationship with the Corps and how to work on that.

Mayor Giuliano summarized that it is imperative that we work successfully with the Corps and he would recommend proceeding with Option 2. If that looks like it's not going to happen, then staff needs to come back for direction.

Meeting adjourned at 4:30 p.m.

Kathy L. Matz
City Clerk